

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Pursuant to Assembly Bill
2514 to Consider the Adoption of Procurement Targets for
Viable and Cost-Effective Energy Storage Systems.

R.10-12-007
Filed December 16, 2010

**REPLY COMMENTS OF TAS ENERGY
ON PROPOSED DECISION ADOPTING ENERGY STORAGE PROCUREMENT
FRAMEWORK AND DESIGN PROGRAM**

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September 30, 2013

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TAS Energy submits these reply comments on the *Proposed Decision Adopting Energy Storage Framework and Design Program*, issued September 3, 2013 (“Proposed Decision”).

I. INTRODUCTION.

TAS Energy appreciates the work of the Commission and the opportunity to offer reply comments to the proposed decision in anticipation of a final decision shortly.

II. UTILITIES SHOULD NOT BE ALLOWED TO DEFER 100% OF TARGETS

TAS Energy disagrees with the Energy Producers and Users’ (“EPUC’s”) assertion that utilities should be allowed to defer 100% of any target until a standard cost-effectiveness methodology is approved by the Commission. Work completed in this very proceeding has shown a number of technologies and applications that are in fact cost effective, and that work did not include technologies such as Generation Storage that have been installed at costs lower than all other forms of new generation. Technologies such as Generation Storage in fact can benefit the Energy Producers and Users’ community, along

with the ratepayers as it provides a new opportunity for utility contracts for owners of gas generation.

III. DIVERSITY OF PROCUREMENT MECHANISMS SHOULD BE ENCOURAGED.

TAS Energy supports SCE's recommendation to allow bilateral agreements, and also encourages both the Commission and utilities to specifically outline when bilateral contracts would *not* be appropriate as they should be offered in all cases possible. Furthermore, particularly with bilateral agreements, but in all forms of contracts offered, for energy storage co-located with existing resources (whether renewable or conventional generation), it is important that the Commission clarifies the utilities are directed to offer a separate contract for procurement of the storage resource. One of the greatest market barriers towards deployment of storage co-located with other resources, particularly as a retrofit, is that neither the utility nor the resource owner are interested in re-opening an already executed contract. A separate contract for the awarded storage project through bilateral agreement or otherwise is of necessity to ensure these types of projects are able to participate in the storage mandate.

IV. REGARDING OWNERSHIP MODELS, UTILITY OWNED STORAGE SHOULD NOT BE DISADVANTAGED

In response to a number of comments on utility ownership, TAS Energy wishes to make known a concern that limiting utility ownership of storage to only half of the mandated biennial target, specifically in the transmission category, will likely not result in the most cost effective storage technologies being deployed. For instance, storage co-located with gas generation on one of the best sites in California, a utility owned plant, would yield energy storage capacity of greater than 25 MW (25 MW being ½ the required

procurement for 2014 for two of the state's IOUs). If the utility is not able to allow the total MWs of the project to meet their 50MW target in 2014 and/or even future year's mandated MWs, rather is limited to only being able to qualify ½ of the stated MWs toward their mandate, they will not procure the technology and the project will not happen. Furthermore, more generally, all technologies are more cost effective in larger quantity, batteries as well. The Commission should not limit the opportunity for 'large(r)' sized utility owned or third party projects to be deployed, particularly as they are likely the most cost effective. This would be a severe disservice to the ratepayers and the energy storage community as some of the best projects from both ownership models may be ruled out by this limitation. All utility owned and third party owned storage projects should compete fairly for the mandated number of MWs for each biennial (with the ability to procure early for future biennial years)... may the most cost effective project win.

Likewise, we agree with PG&E that, "The Proposed Decision should be clarified to state that any procurement above the relevant interim target in one solicitation counts toward the target for the subsequent solicitation."

V. CONCLUSION.

TAS Energy appreciates the opportunity to offer reply comments to this proposed decision.

Respectfully submitted,



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TAS ENERGY
DIRECTOR OF GOVERNMENT RELATIONS

Date: September 30, 2013